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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Higgins Capital Management, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2223 Avenida De La Playa, Suite 210

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

La Jolla

CA

92037

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Deborah M. Higgins

858-459-2993

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Joseph Yafeh, CPA

(Name - if individual, state last, first, middle name)

11300 W. Olympic Blvd., Suite 875 Los Angeles

CA

90064

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☒ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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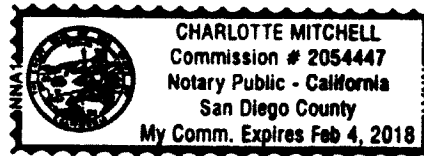
## OATH OR AFFIRMATION

I, Deborah M. Higgins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Higgins Capital Management, Inc., as of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

Deborah M. Higgins  
Signature  
President  
Title

Charlotte Mitchell  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

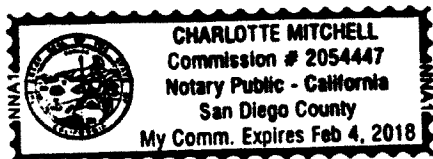
State of California )  
County of SAN DIEGO )

On 2/10/15 before me, CHARLOTTE MITCHELL, NOTARY PUBLIC,  
Date Here Insert Name and Title of the Officer  
personally appeared DEBORAH M. HIGGINS  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Charlotte Mitchell  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document** Annual Audited Report

Title or Type of Document: Form X 17 AS Part III Document Date: AS of 12/31/14  
Number of Pages: 2 Signer(s) Other Than Named Above: -

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: D. HIGGINS  
☒ Corporate Officer — Title(s): Pres.  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: HIGGINS  
CAPITAL MGMT INC

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**Joseph Yafeh CPA, Inc.**  
*A Professional Accounting Corporation*  
PCAOB Registered # 3346  
11300 W. Olympic Blvd., Suite 875  
Los Angeles CA 90064  
310-477-8150 ~ Fax 310-477-8152

Report of Independent Registered Public Accounting Firm  
Auditor's Standard Report

To the Board of Directors and Shareholders  
of Higgins Capital Management, Inc.

I have audited the accompanying statement of financial condition of Higgins Capital Management, Inc. as of December 31, 2014 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Higgins Capital Management, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

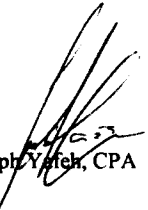
I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Higgins Capital Management, Inc. as of December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information for the year ended December 31, 2014 (Computation of Net Capital Under Rule 15c3-1, Computation of Determination of Reserve Requirements Under Rule 15c3-3, and Information for Possession or Control Requirements Under Rule 15c3-3) has been subjected to audit procedures performed in conjunction with the audit of Higgins Capital Management, Inc.'s financial statements. The supplemental information is the responsibility of Higgins Capital Management, Inc.'s management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on supplemental information, I evaluated whether the supplemental information, including the form and content is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In my opinion, supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Directors and Shareholders  
of Higgins Capital Management, Inc.

This opinion is intended solely for the information and use of the board of members, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Joseph Yefeh, CPA

Los Angeles, CA

February 26, 2015

**Higgins Capital Managements, Inc.**  
**Statement of Financial Condition**  
**December 31, 2014**

**Assets**

Cash in bank	\$ 41,787
Cash in RBC	41,022
Commissions receivable	36,425
Clearing broker's deposit	50,000
Deposits - lease	<u>1,885</u>
<b>Total Assets</b>	<b><u>\$171,119</u></b>

**Liabilities and Stockholders' Equity**

**Liabilities**

Accounts payable	<u>\$ 5,776</u>
<b>Total Liabilities</b>	<b><u>5,776</u></b>

**Stockholders' Equity**

Common Stock - Authorized 1,000,000 Shares; issued and outstanding 10,000 shares at a stated value of \$1.00 per share	10,000
Paid-in-capital	17,875
Retained earnings	<u>137,468</u>

<b>Total Stockholders' Equity</b>	<b><u>\$165,343</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$171,119</u></b>

See Accompanying Notes to the Financial Statements

**Higgins Capital Managements, Inc.**  
**Statement of Income**  
**For the Year Ended December 31, 2014**

Revenue:	
Commissions	\$ 486,983
Other	12,292
 Total Revenue	 <u>499,275</u>
 Unrealized loss	 (3894)
Realized gain	3958
 Operating expenses (Schedule Page 14)	 <u>468,256</u>
 Income Before Income Taxes	 31,083
 Income Taxes	 800
 Net Income	 \$30,283

See Accompanying Notes to the Financial Statements

**Higgins Capital Managements, Inc.**  
**Statement of Stockholders' Equity**  
**Year Ended December 31, 2014**

	Shares Issued	Common Stock	Paid-In Capital	Retained Earnings	Stockholders' Equity
Balance December 31, 2013	10,000	\$10,000	\$17,875	\$ 107,185	\$ 135,060
Net Income	_____	_____	_____	<u>30,283</u>	<u>30,283</u>
Balance December 31, 2014	<u>10,000</u>	<u>\$10,000</u>	<u>\$17,875</u>	<u>\$ 137,468</u>	<u>\$ 165,343</u>

See Accompanying Notes to the Financial Statements



**Higgins Capital Managements, Inc.**  
**Statement of Changes in Financial Condition**  
**Year Ended December 31, 2014**

Cash Flows from Operations:	
Net Income	\$ 30,283
Depreciation	0
Commissions Receivable	(17,479)
Securities	(166)
Accounts Payable	<u>4</u>
Cash Flows Provided by Operations	<u>12,642</u>
Acquisition Activities	0
Investing Activities	<u>0</u>
Increase in Cash	12,642
Cash in Bank, beginning	<u>29,145</u>
Cash in Bank, ending	<u>\$ 41,787</u>
Supplemental Data:	
Cash Paid for Interest	<u>\$ 0</u>
Cash Paid for Income Tax	<u>\$ 800</u>

See Accompanying Notes to the Financial Statements

**Higgins Capital Management, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 – Organization and Nature of Business**

Higgins Capital Management, Inc., (the Company), was incorporated June 24, 1996 and approved as a broker-dealer by the NASD on February 18, 1997. The NASD and NYSE Member Regulation consolidated in 2007 to form the Financial Industry Regulatory Agency (“FINRA”).

**Note 2 – Significant Accounting Policies**

**Basis of Presentation** – The Company conducts business on a fully disclosed basis. The Company does not hold customer funds and/or securities. The Company currently conducts several types of business as a securities broker-dealer, including:

- Broker or dealer retailing corporate equity securities over-the-counter
- Broker or dealer selling corporate debt securities
- U.S. government securities dealer
- U.S. government securities broker
- Municipal securities dealer
- Municipal securities broker
- Investment advisory services

Under its membership agreement with FINRA and pursuant to Rule 15c3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Commissions** – Based upon the income reported, the commissions earned from the sale of mutual funds and investment company shares represent the major portion of the business.

**Income Taxes** – The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

**Higgins Capital Management, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 2 – Significant Accounting Policies (continued)**

**Income Taxes (continued)**

The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examination. The Company is subject to examinations by U.S. Federal and State tax authorities from 2010 to the present, generally for three years after they are filed.

**Depreciation** – Depreciation is calculated on the accelerated method over estimated economic lives. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease. Property and equipment are carried at cost.

**Statement of Changes in Financial Condition** – The Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

**Note 3 - Fair Value**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

**Higgins Capital Management, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 3 - Fair Value (continued)**

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2014.

<b>Fair Value Measurements on a Recurring Basis</b>				
<b>As of December 31, 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 82,809	\$ -	\$ -	\$ 82,809
Clearing Deposit	<u>50,000</u>			<u>50,000</u>
	<u><u>\$132,809</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$132,809</u></u>

**Note 4 – Receivable From and Payable to Broker-Dealers and Clearing Organizations**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2014, consist of the following:

	<b>Receivable</b>	<b>Payable</b>
Fees and commissions receivable/payable	\$36,425	\$ 0

**Note 5 - Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 6 – Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 5c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day by day, but on December 31, 2014, the Company had net capital of \$163,458 which was \$138,458 in excess of its required net capital requirement of \$25,000. The Company's ratio of aggregate indebtedness, \$5,776 to net capital was 3.53%.

**Higgins Capital Management, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 7 – Provision for Income Taxes**

The Company files its Federal tax return on the cash basis. There are no Federal and state taxes owed. The provision for income taxes for the year consists of the following:

Federal	\$ 0
State – Minimum tax	<u>800</u>
	<u>\$800</u>

**Note 8 – Deposit – Clearing Organization**

The Company is registered under SEC Rule 15c3-3(k) (2) (ii) which provides that all the funds and securities belonging to the Company's customers are handled by a correspondent broker-dealer. The Company has a clearing agreement with RBC Dain Rauscher. The Company's deposits are as follows:

Cash	<u>\$ 50,000</u>
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**Note 9 – Commitments**

The Company has a three-year extended lease. Future lease payments are:

2015	\$26,676
2016	27,454
2017	28,254
2018	<u>7,114</u>
	\$89,498

**Note 10 – Exemption from the SEC Rule 15c3-3**

The Company is an introducing broker-dealer that clears all transactions with and for customers on a fully disclosed basis with an independent securities clearing company and promptly transmits all customer funds and securities to the clearing company, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of the SEC Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer

**Note 11 -- SIPC Supplementary Report Requirement**

During the year ended December 31, 2014, SIPC raised its member's assessment to 0.0025 of each member's securities business total revenue. The Company is not required to complete the SIPC Supplementary Report under SEC Rule 17a-5(e) (4) for fiscal year ending December 31, 2014 because the Company's SIPC Net Operating Revenues are under \$500,000.

**Higgins Capital Management, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 12 – Subsequent Events**

Management has reviewed the results of operations for the period of time from its year end December 31, 2014 through February 26, 2015, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Higgins Capital Management, Inc.**  
**Schedule I**  
**Computation of New Capital Requirements Pursuant**  
**To Rule 15c3-1**  
**December 31, 2014**

Computation of Net Capital

Total stockholders' equity from statement of financial condition	\$165,343
Less: Non allowable assets - Page 13	<u>( 1,885)</u>
Net Capital	<u>\$163,458</u>

Computation of Net Capital Requirements

Minimum net capital required 6-2/3 of total liabilities	\$ 385
Minimum dollar net capital required	<u>\$ 25,000</u>
Net Capital required greater of above amounts	<u>\$ 25,000</u>
Excess Capital	<u>\$138,458</u>
Excess net capital at 1000% (net capital) less 10% of aggregate indebtedness	<u>\$162,880</u>

Computation of Aggregate Indebtedness

Total liabilities (from Statement of Financial Condition)	<u>\$ 5,776</u>
Percentage of aggregate indebtedness to net capital	<u>3,53%</u>
Percentage of debt to equity to total Computed in accordance with Rule 15c3-1(d)	<u>N/A</u>

Reconciliation

The following is a reconciliation as of December 31, 2014 of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4).

Net capital unaudited	<u>\$163,458</u>
Net capital audited	<u>\$163,458</u>

See Accompanying Notes to Financial Statements

**Higgins Capital Management, Inc.**  
**Schedule I**  
**Computation of Net Capital Requirements Pursuant**  
**To Rule 15c3-1**  
**December 31, 2014**

Schedule for Non-Allowable Assets

Deposit - Lease	<u>\$ 1,885</u>
	<u>\$ 1,885</u>

See Accompanying Notes to the Financial Statements



**Higgins Capital Managements, Inc.**  
**Operating Expenses**  
**Year Ended December 31, 2014**

Automobile	\$ 18,524
Clearing cost	75,130
Compliance	12,094
Information technology	46,647
Insurance	33,816
Legal & professional	8,246
Licenses and Fees	7,570
Marketing	19,933
Medical pay plan	13,257
Office expense	15,372
Payroll expenses	180,971
Rent	30,179
Taxes	35
Telephone	4,747
Travel and entertainment	<u>2,535</u>
Total Operating Expenses	<u><u>\$469,056</u></u>

See Accompanying Notes to the Financial Statements

**Higgins Capital Management, Inc.**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2014**

A computation of reserve requirement is not applicable to Higgins Capital Management, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Higgins Capital Managements, Inc.**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements under Rule 15c3-3**  
**As of December 31, 2014**

Information relating to possession or control requirements is not applicable to Higgins Capital Management, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Higgins Capital Management Inc.  
2223 Avenida de la Playa, Suite 210  
La Jolla, CA 92037**

**Exemption Request Form**

November 21, 2014

Joseph Yafeh, CPA  
11300 W. Olympic Blvd, Suite 875  
Los Angeles, CA 90064

Re: SEA Rule 17a-5(d) (4) Exemption Report

Dear Mr. Yafeh:

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

Higgins Capital Management, Inc. met the Section 240.15c3-3(k)(2)(ii) exemption for the period June 1, 2014 through December 31, 2014.

Sincerely,



Deborah M. Higgins  
President  
Higgins Capital Management, Inc.

**Joseph Yafeh CPA, Inc.**  
*A Professional Accounting Corporation*  
PCAOB Registered # 3346  
11300 W. Olympic Blvd., Suite 875  
Los Angeles CA 90064  
310-477-8150 ~ Fax 310-477-8152

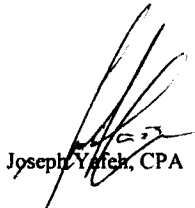
Report of Independent Registered Public Accounting Firm  
Exemption Report Review

To the Board of Directors and Shareholders  
of Higgins Capital Management, Inc.

I have reviewed management's statements, included in the accompanying Exemption Report Review, in which (1) Higgins Capital Management, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Higgins Capital Management, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) Higgins Capital Management, Inc. stated that Higgins Capital Management, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Higgins Capital Management, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Higgins Capital Management, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Joseph Yafeh, CPA

Los Angeles, CA

February 26, 2015